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**PRESENTATION OF THE
PROFESSIONAL AND VOCATIONAL LICENSING DIVISION
ACTIVITY DESKS PROGRAM**

TO THE HOUSE COMMITTEE ON
CONSUMER PROTECTION & COMMERCE

TWENTY-EIGHTH LEGISLATURE
Regular Session of 2015

Monday, March 30, 2015
2:00 p.m.

**TESTIMONY ON SENATE BILL NO. 743, S.D. 1, H.D. 1, RELATING TO ACTIVITY
DESKS.**

THE HONORABLE ANGUS L.K. MCKELVEY, CHAIR,
AND MEMBERS OF THE COMMITTEE:

My name is Carol Kramer and I am the Executive Officer for the Activity Desks Program, Department of Commerce and Consumer Affairs ("Department"). The Department thanks you for the opportunity to present testimony in support of Senate Bill No. 743, S.D. 1, H.D. 1, with amendments for clarity to Section 4 as attached.

Senate Bill No. 743, S.D. 1, H.D. 1 proposes to: 1) require an activity desk to designate an activity desk principal who shall have direct management and supervision of the activity desk; designate the principal with each registration and renewal and provide notification of any change to this designation in writing to the Department within

ten (10) days after the change; and disclose the name and contact information of the principal to a client trust account beneficiary upon request; 2) defines "principal" for the purposes of this section to mean a corporate officer or director, a partner in a partnership, a sole proprietor or an individual with an ownership interest in the activity desk who shall be the signatory of the client trust account; and 3) provide delayed implementation until December 31, 2017.

The Department recommends a delayed implementation date of December 31, 2017, for current registrants registered prior to the effective date of the Act, to disclose the designated activity desk principal to the Department. This will allow the Department sufficient time to notify its current registrants of the statutory changes and provide time for the currently registered activity desk registrants to comply with the new registration requirements.

Accordingly, the Department requests the following amendments for clarity to Section 4 as follows:

"Section 4. This Act shall take effect on July 1, 2015; provided that for current registrants registered with the Department prior to July 1, 2015, disclosure of an activity desk principal to the Department, as required by this Act, shall commence with the registration renewal required for registrations that expire on December 31, 2017."

Thank you for the opportunity to testify in support of Senate Bill No. 743, S.D. 1, H.D. 1, and requests the Committee's favorable decision to pass this measure with the proposed amendments to Section 4.



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**PRESENTATION OF
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
REGULATED INDUSTRIES COMPLAINTS OFFICE**

**TO THE HOUSE COMMITTEE ON
CONSUMER PROTECTION AND COMMERCE**

**TWENTY-EIGHTH STATE LEGISLATURE
REGULAR SESSION, 2015**

**MONDAY, MARCH 30, 2015
2:00 P.M.**

**TESTIMONY ON
SENATE BILL NO. 743 S.D.1 H.D.1
RELATING TO ACTIVITY DESKS**

**TO THE HONORABLE ANGUS L.K. MCKELVEY, CHAIR,
AND TO THE HONORABLE JUSTIN H. WOODSON, VICE CHAIR,
AND MEMBERS OF THE COMMITTEE:**

The Department of Commerce and Consumer Affairs ("Department") appreciates the opportunity to testify on Senate Bill No. 743 S.D.1 H.D.1, Relating to Activity Desks. My name is Daria Loy-Goto, Complaints and Enforcement Officer for the Department's Regulated Industries Complaints Office ("RICO"). RICO offers the following testimony in support of the bill, subject to the amendments proposed by the Department's Activity Desk Program.

Senate Bill No. 743 S.D.1 H.D.1 requires an activity desk to designate a principal, who shall have direct management and supervision of the activity desk, and to notify the Department within ten days of any change in designation. The bill also requires the activity desk to disclose the name and contact information of the principal to a client trust account beneficiary upon request.

This Committee heard and deferred the House companion bill, House Bill No. 723.

The purpose of Senate Bill No. 743 S.D.1 H.D.1 is to identify an individual who is responsible for the management and supervision of the activity desk. In particular, activity providers have expressed concerns that there is insufficient oversight of the handling of client trust accounts. Senate Bill No. 743 S.D.1 H.D.1 addresses these concerns and strengthens oversight by requiring an activity desk to designate a principal who shall have supervisory and management responsibilities.

The designation of a principal will assist client trust beneficiaries, as well as the Department, in identifying the appropriate individual to communicate with regarding the operations of the activity desk. Because Senate Bill No. 743 S.D.21 H.D.1 does not create new or separate registration requirements for designated principals or give rise to disciplinary action against designated principals, administrative enforcement would focus on ensuring that activity desks have met the new requirements by designating a principal, notifying the Department of any

change in the principal, and disclosing the name and contact information of the principal upon request.

To clarify Section 4 of the bill, the Department's Activity Desk Program has proposed certain amendments that principally delay implementation of reporting requirements and RICO supports these amendments.

Thank you for the opportunity to testify on Senate Bill No. 743 S.D.1 H.D.1.
I will be happy to answer any questions the members of the Committee may have.